

**Introduced by Senator Dodd
(Coauthors: Senators McGuire and Wieckowski)**

January 30, 2017

Senate Constitutional Amendment No. 3—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 1 of Article XIII A thereof, and by amending Section 18 of Article XVI thereof, relating to public libraries.

LEGISLATIVE COUNSEL'S DIGEST

SCA 3, as introduced, Dodd. Local government financing: public libraries: voter approval.

The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions that include a tax rate to service banded indebtedness incurred by a school district, community college district, or county office of education for school facilities and approved by 55% of the voters of the district or county voting on the proposition at an election.

This measure would create an additional exception to the 1% limit for a rate imposed by a city, county, city and county, or special district to service bonded indebtedness incurred to fund public library facilities, that is approved by 55% of the voters of the city, county, city and county, or special district, as applicable.

The California Constitution prohibits specified local government agencies from incurring any indebtedness exceeding in any year the income and revenue provided in that year, without the assent of $\frac{2}{3}$ of the voters and subject to other conditions. In the case of a school district, community college district, or county office of education, the California Constitution permits a proposition for the incurrence of indebtedness

in the form of general obligation bonds for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, to be adopted upon the approval of 55% of the voters of the district or county, as appropriate, voting on the proposition at an election.

This measure would similarly lower to 55% the voter-approval threshold for a city, county, or city and county to incur bonded indebtedness, exceeding in any year the income and revenue provided in that year, that is in the form of general obligation bonds issued to fund public libraries.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

1 *Resolved by the Senate, the Assembly concurring,* That the
2 Legislature of the State of California at its 2017–18 Regular
3 Session commencing on the fifth day of December 2016, two-thirds
4 of the membership of each house concurring, hereby proposes to
5 the people of the State of California, that the Constitution of the
6 State be amended as follows:

7 First—That Section 1 of Article XIII A thereof is amended to
8 read:

9 SECTION 1. (a) The maximum amount of any ad valorem
10 tax on real property shall not exceed ~~One 1 percent (1%)~~ of the
11 full cash value of ~~such~~ that property. The ~~one 1 percent (1%)~~ tax
12 ~~to~~ shall be collected by the counties and apportioned according to
13 law to the districts within the counties.

14 (b) The limitation provided for in subdivision (a) shall not apply
15 to ad valorem taxes or special assessments to pay the interest and
16 redemption charges on any of the following:

17 (1) Indebtedness approved by the voters prior to July 1, 1978.

18 (2) Bonded indebtedness for the acquisition or improvement of
19 real property approved on or after July 1, 1978, by two-thirds of
20 the votes cast by the voters voting on the proposition.

21 (3) Bonded indebtedness incurred by a school district,
22 community college district, or county office of education ~~for~~ to
23 fund the construction, reconstruction, rehabilitation, or replacement
24 of school facilities, including the furnishing and equipping of
25 school facilities, or the acquisition or lease of real property for
26 school facilities, approved by 55 percent of the voters of the district

or county, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. November 8, 2000. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:

(A) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in ~~Article XIII A, Section 1(b)(3)~~, *this paragraph* and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

(B) A list of the specific school facilities projects to be funded and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.

(C) A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.

(D) A requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.

(4) Bonded indebtedness, approved by 55 percent of the voters of a city, county, city and county, or special district, as applicable, voting on the proposition on or after the effective date of the measure adding this paragraph, incurred by the city, county, city and county, or special district to fund the construction, reconstruction, rehabilitation, or replacement of public library facilities, including the furnishing and equipping of public library facilities, or the acquisition or lease of real property for public library facilities.

(c) Notwithstanding any other provisions of law or of this Constitution, ~~a school districts, community college districts, and county offices of education district, community college district, county office of education, city, county, city and county, or special district~~ may levy a ~~55-percent vote~~ 55-percent-vote ad valorem tax pursuant to subdivision (b).

1 Second—That Section 18 of Article XVI thereof is amended to
2 read:

3 SEC. 18. (a) ~~No~~A county, city, town, township, board of
4 education, or school district, ~~shall~~ *district shall not* incur any
5 indebtedness or liability in any manner or for any purpose
6 exceeding in any year the income and revenue provided for ~~such~~
7 *that* year, without the assent of two-thirds of the voters of the public
8 entity voting at an election to be held for that purpose, except that
9 with respect to any such public entity ~~which~~ *that* is authorized to
10 incur indebtedness for public school purposes, any proposition for
11 the incurrence of indebtedness in the form of general obligation
12 bonds for the purpose of repairing, ~~reconstructing~~ *reconstructing*,
13 or replacing public school buildings determined, in the manner
14 prescribed by law, to be structurally unsafe for school use, shall
15 be adopted upon the approval of a majority of the voters of the
16 public entity voting on the proposition at ~~such~~ *that* election; nor
17 unless before or at the time of incurring ~~such indebtedness~~ *the*
18 *indebtedness*, provision shall be made for the collection of an
19 annual tax sufficient to pay the interest on ~~such~~ *the* indebtedness
20 as it falls due, and to provide for a sinking fund for the payment
21 of the principal thereof, on or before maturity, which shall not
22 exceed forty years from the time of contracting the indebtedness.

23 (b) Notwithstanding subdivision (a), on or after ~~the effective~~
24 ~~date of the measure adding this subdivision,~~ *November 8, 2000*,
25 in the case of any school district, community college district, or
26 county office of education, any proposition for the incurrence of
27 indebtedness in the form of general obligation bonds for the
28 construction, reconstruction, rehabilitation, or replacement of
29 school facilities, including the furnishing and equipping of school
30 facilities, or the acquisition or lease of real property for school
31 facilities, shall be adopted upon the approval of 55 percent of the
32 voters of the district or county, as appropriate, voting on the
33 proposition at an election. This subdivision shall apply only to a
34 proposition for the incurrence of indebtedness in the form of
35 general obligation bonds for the purposes specified in this
36 subdivision if the proposition meets all of the accountability
37 requirements of paragraph (3) of subdivision (b) of Section 1 of
38 Article XIII A.

39 (c) *Notwithstanding subdivision (a), on or after the effective*
40 *date of the measure adding this subdivision, in the case of any city,*

1 *county, or city and county, any proposition to incur indebtedness*
2 *in the form of general obligation bonds shall be adopted by 55*
3 *percent of the voters of the city, county, or city and county, as*
4 *applicable, voting on the proposition at an election, where the*
5 *general obligation bonds would fund public libraries, including,*
6 *but not limited to, the construction, reconstruction, rehabilitation,*
7 *or replacement of public library facilities, the furnishing and*
8 *equipping of public library facilities, or the acquisition or lease*
9 *of real property for public library facilities.*

10 ~~(e)~~

11 *(d) When two or more propositions for incurring any*
12 *indebtedness or liability are submitted at the same election, the*
13 *votes cast for and against each proposition shall be counted*
14 *separately, and when two-thirds or a majority or 55 percent of the*
15 *voters, as the case may be, voting on any one of those propositions,*
16 *vote in favor thereof, the proposition shall be deemed adopted.*